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SUBJECT: MALTA: VISIT OF CHINESE VP UNDERScores CLOSE TIES  
AND RESULTS IN GRANT FOR PURCHASE OF CHINESE GOODS AND  
SERVICES

¶1. (SBU) Chinese Vice President Xi Jinping arrived in Malta February 21 for an official two day visit during which he met with Prime Minister Lawrence Gonzi and announced a grant of 580,000 euros for Malta to purchase Chinese products and services. Paul Sant, MFA Desk Officer for China, told PolOff the grant was "a gesture of China,s appreciation" for the close historic relations between Malta and China, which date back to the 1972 when Malta, under a Labor government, recognized China. Sant indicated that the grant would go into a fund that would be created to foster economic and technical cooperation; he said that there were no specific projects under consideration thus far, and that all projects would need to be agreed to by both parties.

¶2. (U) Prime Minister Lawrence Gonzi told the press that "strengthening Malta,s cooperation with China is one of the government,s main foreign policy goals." During the visit, the Maltese and Chinese governments also signed five cooperation agreements on law and order, commerce, and culture. Gonzi highlighted an agreement facilitating business and trade between investors in Malta and China, and referred to one collaboration, whereby the University of Malta will open a Confucius Institute, as a "milestone in cultural cooperation."

¶3. (SBU) Malta has historically maintained strong relations with China. In the 1970s, the GOM was one of the first European governments to recognize China and, in doing so, it forged a close relationship, including significant Chinese invested in Malta,s port infrastructure, and a long-term loan to build factories in Malta. China maintains two large and active Chinese Cultural Institutes in Malta, one in Paris and the second in Valletta. Just last month Malta,s Chief of Military, Brigadier General Vassallo went to Beijing for a five-day visit at the invitation of China,s Chief of Military. Vassallo told Charge, February 21 that his visit was unrelated to the visit of China,s Vice-President, and did not result in the signing of any agreements or arms sales. Vassallo added that he had been "amazed" by the red-carpet treatment he was given during the visit, including multiple-gun salutes normally "reserved for heads of state."  
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